



RRB News

U.S. Railroad Retirement Board

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Railroad Retirement Benefit Increases

Most railroad retirement annuities, like social security benefits, are scheduled to increase in January 2003 on the basis of the rise in the Consumer Price Index (CPI) during the 12 months preceding October 2002.

Cost-of-living increases are calculated in both the tier I and tier II benefits included in a railroad retirement annuity. Tier I benefits, like social security benefits, will increase by 1.4 percent, which is the percentage of the CPI rise. Tier II benefits will increase by 0.5 percent, which is 32.5 percent of the CPI rise. The vested dual benefit payments and supplemental annuities paid by the Railroad Retirement Board are not adjusted for the CPI rise.

Widow(er)s' annuities being paid under the Railroad Retirement and Survivors' Improvement Act of 2001 (almost 30 percent of the widow(er)s on the Board's rolls) will not increase for the CPI rise. Such widow(er)s do not receive annual cost-of-living adjustments until their new law annuity amount is exceeded by the amount the widow(er) would have been paid under prior law counting all interim cost-of-living increases otherwise payable.

In January 2003, the average regular railroad retirement employee annuity will increase \$17 a month to \$1,548 and the average of combined benefits for an employee and spouse will increase \$23 a month to \$2,200. For aged widow(er)s whose annuities are not computed under the new law, the average annuity will increase \$10 a month to \$820.

(More)

If a railroad retirement or survivor annuitant also receives a social security benefit, the increased tier I benefit is reduced by the increased social security benefit, but tier II cost-of-living increases are not reduced by social security increases. If a widow(er) whose annuity is being paid under the new law is also entitled to increased social security benefits, her or his annuity will actually decrease, but the total amount of combined railroad retirement and social security benefits will not be less than the total payable before the cost-of-living increase and before increased Medicare premium deductions.

For those beneficiaries covered by Medicare, the basic Part B premium generally deducted from monthly benefits increases from \$54 to \$58.70 in 2003.

In late December the Railroad Retirement Board will issue notices to all annuitants providing a breakdown of the annuity rates payable to them in January 2003. Widow(er)s whose annuities are not increased will be advised accordingly by letter in early November 2002.

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